

MINUTES
REGULAR MEETING
BOARD OF DIRECTORS
**TAX INCREMENT REINVESTMENT ZONE NUMBER FOUR CITY OF
ARLINGTON, TEXAS**

January 18, 2006

A joint meeting of the Board of Directors of Tax Increment Reinvestment Zone Number Two (Lakes of Birds Fort TIRZ), Tax Increment Reinvestment Zone Number Three (East Abram Corridor TIRZ) and Tax Increment Reinvestment Zone Number Four (Arlington Highlands TIRZ) City of Arlington, Texas convened in open session at 3:09 p.m. in the Council Briefing Room at the Municipal Building, 101 West Abram, Arlington, Texas notice of said meeting being posted as prescribed by Chapter 551, V.T.C.A., Government Code. A quorum of each board was present and attendance of the members was recorded as follows:

Robert Cluck	~ Chair, TIRZ Board 2, 3, 4
Rudy Gonzales (Absent)	Member TIRZ Board 2, 3, 4
Jon Weist	~ Member TIRZ Board 2, 3, 4
Lana Wolff	~ Member TIRZ Board 2, 3, 4
Kristin Jenkins	~ Member TIRZ Board 2, 3, 4
Ron Wright	~ Member TIRZ Board 2, 3, 4
Joe Bruner	~ Member TIRZ Board 2, 3, 4
Jerry Jordan	~ Member TIRZ Board 3, 4
Steve Brown	~ Member TIRZ Board 3, 4
Glenn Whitley (Absent)	Member TIRZ Board 2
Dr. Gene Buinger	Member TIRZ Board 2

Also present:

Trey Yelverton	~ City Manager's Office
Chuck Springer	~ Finance
Karen VanWinkle	~ Management Resources
Bridgett A. Hewitt	~ Planning and Development
Jeanene McIntyre	~ City Attorney's Office

Chair Cluck called the joint meeting of the three TIRZ boards to order, and stated that the purpose of the joint meeting was to conduct the following items of business:

A. Introduction of Board Members

Chair Cluck introduced himself as Chair of the Board of Directors for three recently created Tax Increment Reinvestment Zones, and also introduced these members who will serve on all three boards:

- Council Members Ron Wright, Joe Bruner, Lana Wolff
- Ms. Kristin Jenkins, Vice President and Chief Corporate Officer, John Peter Smith Hospital
- Mr. Jon Weist, Tarrant County Precinct 2 Administrator
- Mr. Rudy Gonzales (absent), Vice Chancellor of the Tarrant County College District

Chair Cluck introduced these two members who will serve on the boards of **TIRZ Number Four/Arlington Highlands and TIRZ Number 3/East Abram Corridor:**

- Mr. Steve Brown, Associate Superintendent of the Arlington ISD
- Mr. Jerry Jordan, president of the Jorco Group, Inc.

Chair Cluck introduced two members who will serve on the board of only **TIRZ Number Two/Lakes of Birds Fort:**

- Dr. Gene Buinger, Superintendent of the HEB ISD,
- Glenn Whitley (absent) Tarrant County Commissioner

B. Discussion of the Duties of TIRZ Board of Directors

Chair Cluck recognized Jeanene McIntyre from the City of Arlington, City Attorney's Office. Ms. McIntyre presented a PowerPoint presentation (attached), and handed out a brief summary of the duties and powers of the TIRZ boards (attached). She explained that all three TIF's or TIRZ's were project-specific, and created to implement a specific project plan in each zone. She explained that the terms "TIF," "Tax Increment Finance District," "TIRZ," and "Tax Increment Reinvestment Zone," are terms used interchangeably and all mean the same thing. Tax Increment Reinvestment Zones are created by authority of the Tax Increment Financing Act, Texas Tax Code, Chapter 311. The Arlington City Council created the reinvestment zones and boards for TIRZ Number Two/Lakes of Birds Fort, TIRZ Number Three/East Abram Corridor, and TIRZ Number Four/Arlington Highlands and have granted the boards authority to exercise all powers necessary to implement their respective project and financing plans consistent with state law. The first priority for each board is to prepare and approve their respective project plan and financing plan [project and financing plan] as consistent as possible with the preliminary project and financing plan for each TIRZ prepared at the request of the City Council.

Following approval of a project and financing plan by the TIRZ board, the City Council must approve the final project and financing plan for each TIRZ. After final approval of the plan, the Board of each TIRZ has authority to:

- Enter into agreements necessary to implement the project and financing plan for the TIRZ
- Authorize payments from the TIRZ Fund to implement the project and financing plan for the TIRZ.

Chair Cluck then called a recess of the boards for Tax Increment Reinvestment Zones Number Four at 3:19pm, for the purpose of continuing the sole business of Tax Increment Reinvestment Zone Number Two, and Tax Increment Reinvestment Zone Number Three.

Chair Cluck then adjourned the meetings of Tax Increment Reinvestment Zones Number Two and Three and called the board for Tax Increment Reinvestment Zone Number Four back into session at 3:22pm.

C. Presentation of Arlington Tax Increment Number Four, Arlington, Texas (Highlands TIRZ) Preliminary Project and Financing Plan

Chair Cluck recognized David Pettit of Gideon Toal, and explained that Mr. Pettit was the City's consultant on the project who would give a briefing on the project and financing plan for Arlington Highlands TIRZ.

Mr. Pettit presented a PowerPoint presentation (attached) and termed the development a "catalyst project" for the area. He explained that the jurisdictions would be asked to participate in the TIRZ at a 75% rate. The City would also participate with 25% of their one percent general sales tax, an option recently made available by the state Legislature. The proposed development plans call for the construction of over one million square feet of retail and office space in the I-20/Matlock Road area, east of Matlock and just north of I-20. The zone boundaries are generally Matlock Road, between Arbrook and I-20, and extend both ways on Matlock to allow for road improvements south of I-20 and north of Arbrook. The plan also includes a bridge that will extend Center Street over I-20. This will open up the area just south of I-20 significantly, and allow for significant improvement in traffic flow in the area.

Mr. Pettit told the Board that the land was primarily vacant at this point. Traffic in the area was very congested throughout the day, due to inadequate infrastructure, and this had hampered development efforts in the past. The Costco sits on the northwest corner of this area, but is not included in the TIRZ.

Mr. Pettit explained that the growth in taxable value in the zone had lagged behind the rest of the area, and behind the City in general, showing only about half the growth in value of the rest of the City.

Mr. Pettit showed the Board a schematic and rendering of the Arlington Highlands development which comprises 625,000 square feet of retail and office space- only about 50,000 square feet of office, as the development is primarily retail. He then discussed the later development planned by United Commercial that would add an additional 184,000 square feet of retail.

Mr. Pettit then told the Board that the base value of the land is currently \$25.9 million, and the TIRZ would be in place for 20 years. He explained the 75% participation that is requested from each jurisdiction, and the sales tax participation. Growth was estimated at 2% annually for the property values.

Mr. Pettit showed a chart that illustrated how much each component contributed to the TIRZ revenue. He then told the board that the net present value, over 20 years, was just over \$17 million. He directed the Board's attention to a pie chart that set out each jurisdiction's percentage of the total tax increment, and their participation in the TIRZ. With the sales tax addition, he pointed out to the Board that the City was contributing heavily to the TIRZ in order to fund the infrastructure.

Mr. Pettit explained the ten major infrastructure improvement projects that were planned, and which developer would be responsible for each one. The Retail Connection, the company building the first and largest phase of the development, and the City, are working on a draft development agreement at this time. The UCC improvements would be next, as Phase II.

Mr. Pettit advised the Board that the TIRZ would initiate 4 of the projects, including construction of the Center

Street Bridge. These projects would occur later in the life of the TIRZ, as Phase III.

Board Member Weist asked Mr. Pettit if the Phase II and Phase III improvements were contingent on the total projected development occurring on the site. Mr. Pettit responded that building those improvements are necessarily dependent on that development. The TIRZ possibly could still fund those improvements even if different or less development occurs. The TIRZ revenue projections are conservative. Ultimately, it will depend on how much development occurs and the timing of that development, which would determine the revenue available.

Board Member Weist stated that he did not want to see the second phase of construction on Highlander and Center fail, if UCC fails to develop.

Chair Cluck then thanked Mr. Pettit for the presentation and noted that no citizens were present to speak.

D. Consider Approval of Arlington Highlands Preliminary Project and Financing Plan

Chair Cluck called for a motion on the approval of the Tax Increment Reinvestment Zone Number Four, City of Arlington (Highlands TIRZ) Project and Financing Plan. Board Member Ron Wright made a motion to approve. Board Member Joe Bruner seconded. Motion carried unanimously.

E. Briefing on Proposed Development Agreement with Arlington Highlands, LTD

Chair Cluck again recognized David Pettit with Giedon Toal to provide an overview of the development agreement with the Retail Connection, the developer of Arlington Highlands.

Mr. Pettit informed the Board that he is working with representatives from the Retail Connection, and the City Attorney's Office, Ms. McIntyre, to draft a development agreement. Elements of that agreement would include the priority of reimbursement to the developer, the procedures and manner of construction of the infrastructure improvements, the private commitments from the developer, and the cap on expenses to be reimbursed.

F. Requests for Future Agenda Items - Chair Cluck asked if the Board wished to add any items to a future agenda. Mr. Yelverton explained that the developer agreement would need to be approved by the Board. The target date for completion is late February 2006.

G. Consideration of a Date for Next Meeting - Chair Cluck asked Mr. Yelverton if the next Board meeting should be scheduled at this time. Mr. Yelverton informed the Chair that he would like to wait and schedule a meeting with the Board when the developer agreement is ready. Chair Cluck informed the Board that they will be notified when the next meeting will occur, and that an information packet will be distributed about a week prior to the meeting.

There being no further business, the meeting was adjourned at 3:36 p.m.

NOTE: Minutes of all meetings of the Board of Directors of Tax Increment Reinvestment Zone Number Four, Arlington, Texas, are a matter of public record and are kept on file in the Planning and Development Services Office, 101 W. Abram Street, Arlington, Texas. Any committee member or interested party has the right to review these minutes at the Planning and Development Services Office.